



U.S. Department of Housing and Urban Development

Office of Public and Indian Housing

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Special Attention:  
Secretary's Representatives;  
State and Area Coordinators;  
Directors, Offices of Public Housing;  
Public Housing Agencies Administering  
Section 8 Programs.

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Notice PIH 98-25 (HA)

Issued: April 23, 1998  
Expires: December 31, 1998

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Cross References:

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**Subject: Renewal of Expiring Contracts in the Section 8 Rental Certificate and Rental Voucher Programs during Fiscal Year 1998**

**1. Purpose:** This notice provides communication to Public Housing Agencies, PIH HUBs, and Program Centers notifying them of revisions that supercede instructions and guidance provided in Notice PIH 98-12 to the Public Housing State and Area Offices, for renewing rental certificate and rental voucher funding increments expiring during or after April 1998. In addition, this Notice will apply to the replacement of expiring Mod Rehab funding increments and Housing Assistance Payment Contracts with tenant-based assistance. This Notice does not apply to the renewal of expiring Mod Rehab funding increments or Housing Assistance Payment Contracts where contracts are extended 12 months or to Offices of Native American Programs and expiring Section 8 contracts administered by Tribally Designated Housing Entities.

**2. Background:** The Department's objective is to align the reservation costs for tenant-based assistance contracts with the actual costs and appropriated funding for administering the program during 1998. Within these parameters, HUD seeks to ensure continued assistance to HAs with expiring contracts, and to the owners and families they serve. For the first and second quarters, renewal funds were assigned to support the increments expiring from October 1997 through March 1998, based on a percentage of Fair Market Rents (FMRs). However, this method resulted in some excess funding (by comparison to actual costs), a circumstance which would produce shortfalls in the current year appropriations, if not adjusted.

**3. Renewal Procedures:** Each increment expiring during and after April 1998 will be funded using actual, inflated per unit costs (PUC) from the last closed Year End Settlement Statement in HUDCAPS. PUC will be calculated by dividing annual contributions by units months leased and inflating it 2.5 percent for FY97 data and 5 percent for FY96 data, rounding to the nearest whole dollar. Total funding will be calculated by multiplying units expiring by per unit cost (PUC) by 12 months. FMRs will not be used. The calculations will be performed in the Finance Division and provided with the assignment. The attachment will specify the amount of funding to be reserved for each increment. Reservation and contract actions will be performed in HUDCAPS.

**4. Contact:** Questions from HUD staff regarding this Notice should be directed to the Finance Division of the Office of Public and Assisted Housing Delivery at (202) 708-2934, or for participating housing agencies, to the Financial Analysts in the HUD Field Office serving your area. Additional assistance may be obtained by calling the Section 8 Finance Hotline supervised by Mary C. Conway, Director, Section 8 Finance Division at 1-800-955-2232. The Public and Indian Housing Resource Center can also be contacted for answers via E-mail. The E-mail address is [pihirc@jbsl.com](mailto:pihirc@jbsl.com).

/s/ \_\_\_\_\_  
Deborah Vincent,  
Acting Assistant Secretary  
for Public and Indian Housing